Farm Labour Management in British Columbia

First Edition November, 1984

BC
Ministry of Agriculture and Food

BC
A22E3
D:F36
1984
c.3

85-2375/

Agdex #823

Farm Labour Management in British Columbia

A publication prepared for the B.C. Ministry of Agriculture and Food
Economics Branch

First Edition - Howard Joynt
Farm Business Management
Technician
Economics Branch
Summerland, B.C.

Canadian Cataloguing in Publication Data

Joynt, Howard.
Farm labour management in British Columbia

"A publication prepared for the B.C. Ministry of Agriculture and Food, Economics Branch."
ISBN 0-7726-0223-9

1. Farms - British Columbia - Personnel management. 2. Farm law - British Columbia. 3. Agricultural laborers - British Columbia. I. British Columbia. Ministry of Agriculture and Food. Economics Branch. II. Title.

S562.C3J69 1984 630'.68'309711 C85-092030-2

Farm Labour Management in British Columbia

PREFACE

This Farm Labour Management publication has been prepared in response to a growing need for information on farm labour. The increases in farm input prices over the past few years has increased the importance of the farm manager's requirement to manage all resources efficiently.

Wages to labour were the fourth highest farm expense item in Canada for 1982 and 1983. In British Columbia, where farms are more labour intensive, wages rank second behind interest costs. For the Canadian scene this ranking results from the wages paid to labour constituting 9.0 percent of total farm costs. For British Columbia wages were 18.6 percent of total farm costs; almost one-fifth.

These statistics indicate the considerable importance of the labour resource to the farm manager. This publication covers a range of topics concerning farm labour, with the objective of providing the farm manager with useful information in the management of the labour resource.

The first part of the book looks at the principles of farm labour management; the human elements. Positive employee-employer relationships and resulting stability of the farm work force is important to the long run viability of the farm business. The biggest tool of labour management the farmer has lies in good communication with farm employees. The information presented in this section has importance, in that these ideas can be incorporated into the farm business to improve labour productivity on the farm.

The second section discusses the regulations covering farm labour. The past three years has seen changes in legislation and the expansion of regulations to include farm workers. With the changes has come a myriad of information and rules. This publication has organized the relevant information into an easily understood format.

The third section looks at family members as farm workers and the implications of the various regulations and government agencies to them.

The final section of this publication is a summary of the locations of all regulatory bodies and government agencies dealing with farm labour. It should serve as a quick guide to identify agencies who will be able to answer specific questions.

Finally, it is hoped that this publication will be useful in providing information that the farm manager can incorporate in managing labour. The efficient utilization of a valuable resource is of significant benefit to British Columbia's labour intensive agriculture industry.

FOREWORD

Effective labour management presents a challenge for farm managers. Representing about twenty percent of total farm costs in British Columbia it is not surprising that many farmers have requested information on the important topic of farm labour.

This publication deals with both the human element and the requirements of the various regulations pertaining to farm labour.

The publication was compiled by Howard Joynt, Farm Business Management Technician in Summerland. Generous assistance was provided by the following people and their agencies in reviewing the information relating to their jurisdiction and also providing suggestions for the publication:

a) Mr. R. Indridson, Employment Standards Branch, B.C. Ministry of Labour

b) Mr. R. Critchlow, Revenue Canada

c) Mr. R. Nistor, Employment and Immigration Canada

d) Mr. D. Grant, Canada Farm Labour Pool

e) Mr. A. Hosie, Workers Compensation Board

Thanks are also extended to members of the Economics Branch who spent considerable time reviewing the document.

Readers should be reminded that due to the dynamic nature of the topic, rules and regulations are continually changing. As information in this publication is specific to the time of release, farm managers must keep abreast of the changing regulations affecting labour.

The information in this publication is intended to assist the farm manager obtain improved productivity from hired labour. With some effort in applying basic labour management skills, results can be rewarding for both the employee and the employer.

A. B. (Sandy) Lauder, P.Ag.
Director,
Economics Branch,
Victoria

November 1984

TABLE OF CONTENTS

Section I **FARM LABOUR: THE HUMAN ELEMENT**

Putting Labour Management in Perspective.....Page 1

Motivating Farm Workers.....Page 5

Tips for Training Farm Workers.....Page 10

Designing Incentive Plans for Farm Workers.....Page 14

Section II **FARM LABOUR: REGULATIONS**

Payroll Deductions - Income Tax.....Page 19

Payroll Deductions - Canada Pension Plan.....Page 21

Payroll Deductions - Unemployment Insurance.....Page 23

Employment Standards Act.....Page 25

Farm Labour Contractors.....Page 28

Workers' Compensation.....Page 30

Payroll Records.....Page 34

Section III **FAMILY MEMBERS AS WAGE EARNERS**

Spousal Wage.....Page 43

Other Family Members as Wage Earners.....Page 46

APPENDICES

APPENDIX I - APPLICATION FOR EMPLOYMENT.....Page 50

APPENDIX II - CANADA FARM LABOUR POOL.....Page 51

LIST OF REGULATORY OFFICES:

APPENDIX III - Employment Standards Branch.....Page 52

APPENDIX IV - Workers' Compensation Board.....Page 53

APPENDIX V - Revenue Canada.....Page 54

APPENDIX VI - LIST OF AUTHORS.....Page 55

SECTION I

FARM LABOUR MANAGEMENT

THE HUMAN ELEMENT

Putting Labour Management in Perspective[1]

Introduction

Most farmers wear many management hats. In addition to being general managers, they are apt to be crop managers, livestock managers, labour managers and sales managers. Their successes and/or failures in any one of these areas are, in large part, depends on their training, experience and resources.

Few farmers have had much training in the field of labour management. This is understandable as there has been very little training offered in farm labour management. This is not surprising since there has been little demand for such training until recently and because it is an inexact science, it is more difficult to teach. (A labour problem cannot be solved by a shot of antibiotics nor can labour productivity be enhanced by an application of fertilizer.)

Today the picture is changing. More farmers are employing workers and those workers are better educated and more aware of the employment conditions of their counterparts in industry. As a result, farmers are recognizing the need for training in this area and are asking for help. Commodity associations are beginning to include discussions on managing labour at their conferences and short courses, and some colleges are beginning to offer courses in labour management, or are including it as part of their farm management courses.

Effective Labour Management Pays

Training in farm labour management is not, of course, of equal value to all farmers. It depends in part on the relative importance of hired labour to other inputs on a farm. For example, on dairy or beef farms in B.C. less than 10% of the cash expenses go to labour, while on vineyard farms hired labour makes up approximately 55% to 60% of the cash expenses. It would appear that a knowledge of labour management would pay greater returns on those labour intensive farms.

The value of this knowledge, however, should not be considered only on the basis of the amount of labour used. The potential economic impact of the workers on the profit of the business is an even more important factor. Ten dissatisfied pickers can hurt the profits on a fruit farm, but one angry herdsman can be disastrous to the profits on a dairy farm. This is also apparent from the positive side: ten enthusiastic pickers will harvest more fruit with less damage, but one dedicated, well-trained herdsman can increase the production of the whole herd.

The criterion, then, for evaluating the worth of farm labour management training is the degree to which the hired labour can influence profits of the business. If there are many workers, each contributing a little, it is important. If there is only one, but that worker's contribution is crucial, it is important.

The importance of labour management can also be seen when comparing the potential for response relative to that of other kinds of management. A farmer who is poorly trained in crop management may get zero yield from a mismanaged crop while one that is highly trained in this area may get close to the biological or economic maximum yield. However a farmer poorly trained in labour management may get a negative response from his workers: not only are they not producing anything, they may actually interfere with production through destruction, absenteeism, etc. At the same time, there is no limit to the contribution that can be made by dedicated, highly motivated workers. (And that dedication and motivation comes

primarily from good labour management practices.) This tremendous range in potential performance response makes labour management training very important to any farmer who employs workers, controls large amounts of assets and uses highly technical equipment. This describes most commercial farmers in B.C.

Functions to Perform

Now that it has been established that it is important to practice effective labour management on most farms that employ labour, let us consider what labour management is all about - what are the skills and the activities that go into effective labour management? A large part of labour management is just using a lot of common sense in three areas: planning, empathy and communication. Planning, of course, is thinking ahead; empathy is the practice of putting yourself in the other person's shoes, of trying to see things from the workers' point of view; and communication is not just telling and showing but also asking and listening. There are numerous concepts and skills that can help a person perform more effectively in each of these three areas, but the manager that constantly remembers to try to plan, be empathic and communicate is a long way toward being an effective labour manager.

The various jobs or functions within labour management can be divided into two categories: those that deal with labour as an input to the business and those that deal with labour as people, as fellow human beings. Depending on which labour management expert one consults, the list of functions vary somewhat, but for the situation that exists on most U.S. and Canadian farms, the following list seems appropriate.

1. Managing labour as an input:

- manpower planning
- business organization
- job description
- record keeping

2. Managing labour as people:

- selecting
- training
- communicating
- motivating
- pay and fringe benefits
- safety and health
- record keeping

1. If one thinks of each of these functions in turn relative to the concepts of planning, empathizing and communicating, it becomes evident how important each of these concepts is in carrying out the various functions effectively.

2. It is beyond the scope of this article to describe fully how each of these functions can be effectively carried out. However, an attempt will be made to explain briefly what each function title means and how to perform certain ones. Later issues of this article will deal with the training, motivating and paying functions in greater depth.

Managing the Input

Manpower Planning - How much labour will be needed over the next production cycle, over the next two years, five years? What kind of labour will be needed, when, and for how long? Do I need labour or can I substitute a machine?[1] These questions should be considered carefully before the time the labour is needed, as a shortage of the right kind of labour at the right time can play havoc with profits.

Business Organizations - Who is the boss? Who is responsible to whom? The lines of authority must be clearly understood by the employer and the employees. This becomes a particularly sensitive issue on farms operated by partners when both or all are involved in supervision. Most large non-farm businesses have a formal business chart showing lines of authority. This may not be essential on a farm with two or three employees, but the line of

authority should be clear in the minds of all.

Job Description - A clear and complete description of the duties, responsibilities and expectations of a particular job should be written down before looking for an employee to fill the position. By taking the time to do this, the employer clarifies in his own mind what the job should entail, writing an effective ad becomes easier and job applicants have a clearer picture of what will be expected of them.

Record Keeping - This function is listed both under the "input" category and the "people" category. The records under the "input" category include those required to be in compliance with the law and for tax purposes. These same records, with certain additions and modifications, are necessary for effective manpower planning and managing for labour efficiency.

As described earlier, these functions: manpower planning, developing a business organization, writing job descriptions and keeping labour records relate to labour as an input. Similar functions of planning, organizing, etc., are essential for every major input into the business. The category of functions, however, are unique in that the labour input is the only one with the ability to think, reason and communicate these thoughts and that reasoning. The following functions deal with and utilize these powers unique to human beings.

Managing the People

Selecting - People vary greatly in personality, ambition, talents, training, etc. If this function is carried out with patience and thoroughness it will prevent problems later, make tne job of labour management much easier and result in more and better productivity. Selecting includes advertising (using the job description as a base), interviewing, checking references and orienting the potential employee to the business. There are whole books written on technique for effectively carrying out each of these tasks within the selection function. The important thing is to be constantly aware of the need to be empathic and to communicate clearly.

Training - It should always be assumed that a new employee needs training regardless of his or her past training and experience. Techniques for effective training will be covered in a later article.

Communicating - This is the primary "tool" in labour management. This includes not only giving orders, but the whole realm of verbal and non-verbal communication that praises, relays feelings and attitudes, directs, builds confidence, etc. We receive messages with all our senses, so it is important that the labour manager's eyes, facial expression and voice are all telling the same story. Also, never assume an employee knows what you are thinking - communicate.

Motivating - People can be motivated, and employees must be, if labour productivity is to be maximized. Motivation is accomplished through understanding and responding to human needs. This function also will be discussed in depth in a later article.

Pay and Price Benefits - Wages, hours, vacation time, food, etc., are all part of the "wage package". This wage package should be designed to the specific needs of the specific employee to the highest degree possible. It can be designed to motivate as well as maintain an individual. Incentive payment schemes are an option that may be part of a wage package. Considerations in developing incentive payment plans will also be discussed in a later article.

Safety and Health - Involves three components: attitude, environment and

training. The employer must recognize the importance of safety and health, provide a safe and healthy work environment and train employees in labour practices that assure their safety and health. Any one of the three is of little value without the other two. An ineffective safety and health program can be very costly and demoralizing to both the employees and the farmer.

Record Keeping - In addition to the records needed for managing labour as an input, an effective labour manager also needs a record for evaluating the individual employee. There should be a file containing such items as the employee's job application, references, any health record, notes on performance, etc. These items are very valuable in directing, granting raises, promoting, etc.

Summary

Employees are highly sophisticated machines with very complex brains. They cost $10,000 to $20,000 a year apiece. Many farms would cease to be profitable commercial businesses if employees were not available. Employees have a greater potential for response to management than any other input. These facts put labour management in perspective and the functions discussed above indicate what it takes to be an effective labour manager.

Motivating Farm Workers[1]

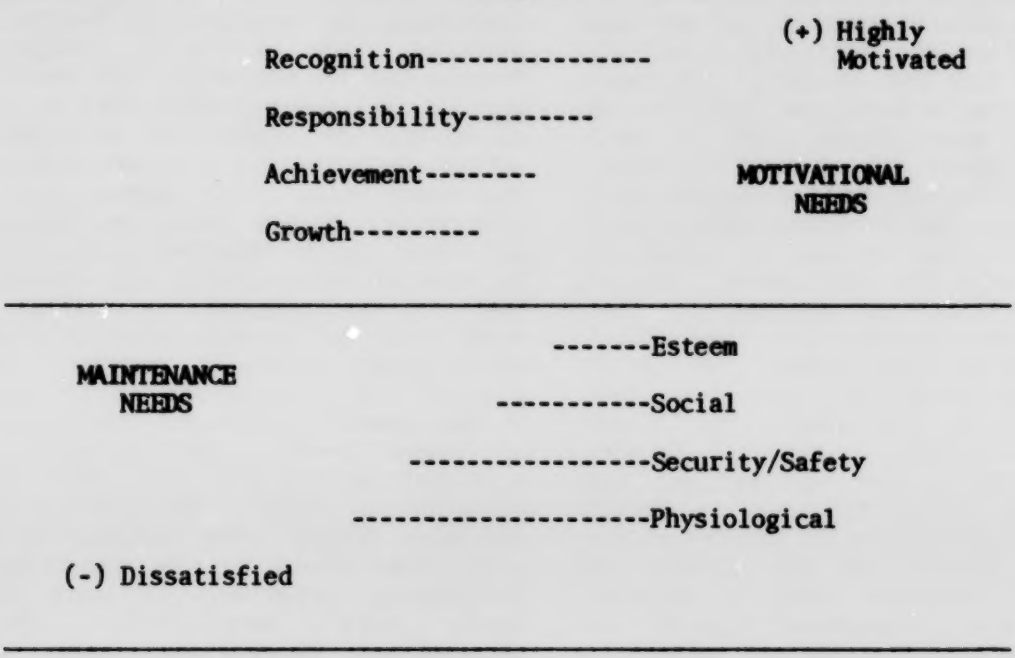
We have all met farm workers who are "turned off". They are not interested in their work or in the farm. They perform the tasks required but with the minimum of effort possible, also, they fail to notice the soft tire, the dry bearing or the cow in heat. We have also met farm workers who are "turned on". They seem happy, take a real interest in their jobs and in the farm, often make suggestions for saving time or improving the business and always seem to be on the lookout for potential problems. Why the difference? Is it due to inheritance and upbringing - that is, are some people just "naturally" more motivated than others? Or is it due to the kind of work one must perform, or to the quality of labour management? All these factors contribute to worker motivation, but there is a strong tendency to credit most of the difference to the individual and give little or no credit to management. Research tends to suggest, however, that management plays an important role in "turning on" workers.

The discussion to follow in this article focuses on the function "motivating". It examines what makes people behave the way they do, what motivates them and how this knowledge can be used to "turn on" workers.

In the previous article, the discussion concerning the function of "motivating" contained the following statement: "People can be motivated, and employees must be, if labour productivity is to be maximized. Motivation is accomplished through understanding of, and responding to, human needs". All humans have the same needs. When a person becomes aware of a need, it is referred to as a want. These needs/wants direct our behaviour: that is, we respond to fulfill our needs. All behavioural scientists agree upon these points. However, their approach and conclusions vary somewhat in the identification and classification of human needs. For example, one scientist points out that there is a hierarchy of needs - that certain needs are more "basic" than others. A high level need would not be important in determining behaviour if more basic needs were unfulfilled. Another behaviourist categorizes human needs into two types - maintenance needs and motivational needs. Fulfillment of our maintenance needs keeps us relatively happy, and keeps us from becoming dissatisfied. Opportunities to fulfill our motivational needs move us to action.

Figure 1 is a relatively simple model that incorporates the ideas and concepts of a number of the more popular behaviourists, to explain the role of human needs in behaviour. The model recognizes eight basic human needs and lists them in ascending order to illustrate that certain needs are more basic than others.

FIGURE 1



First, to illustrate the concept that certain needs are more basic than others, let us compare the physiological need with the need for recognition. The physiological need is our more basic need. If we are cold and/or hungry, all other needs take a back seat until this one can be fulfilled, at least to a minimum degree. A beautifully framed certificate presented in recognition for a task well done is meaningless to the individual who is not making enough money to feed and clothe his family. On the other hand, if that person's physical needs are being met and if he has had an opportunity to fulfill his other needs, that certificate may be very important to him. It may be the most important thing you could do for him.

Second, to illustrate the difference between maintenance and motivational needs, let us compare the need for security with the need for growth. If the security need (a maintenance need) is not fulfilled, the person is dissatisfied. From a labour management point of view, unfulfilled maintenance needs lead to sloppy work, absenteeism and the worker doing as little as possible without getting fired. On the other hand, when the security need and other maintenance needs are fulfilled, the worker will show up regularly, do an "adequate" job, but will not take an active interest in the business. Fulfillment of our maintenance needs is rather like "bringing us up to zero". Unlike the security need, a worker's motivational needs, such as the need to

grow, cannot be fulfilled by the farmer. The farmer can only offer the opportunity for the worker to fulfill it himself. If the worker responds and grows, both the worker and the farmer have benefitted.

Now let us look at each of the needs in turn and consider how a labour manager's knowledge of each might aid him in maximizing worker productivity. Because the focus of this article is motivating farm workers, the maintenance needs will be discussed very briefly. However, remember: unless a worker's maintenance needs are fulfilled, at least minimally, there will be little if any positive response to efforts made to motivate him.

MAINTENANCE NEEDS

Physiological

The physiological need is fulfilled primarily through the pay cheque. Therefore, it dictates that fair wages are basic to worker productivity.

Security/Safety

Our need to feel safe and secure becomes a strong want very soon after our physical needs are fulfilled. Government programs and other fringe benefits help fulfill this need and a positive employer attitude helps to put a worker's mind at ease. A job guarantee in the form of a contract has its place in certain situations.

Social

Some workers are able to fulfill their social need off the job, but major companies go to considerable expense to provide an opportunity for workers to socialize: coffee breaks, division of workers into small groups, office parties, recreational facilities, etc.

Esteem

We all want to feel good about ourselves and the place we work. On farms this need is fulfilled through the farmer's positive attitude about the business and by making the worker fully aware of the importance of the business and the worker's part in it.

MOTIVATION NEEDS

Growth

The need to grow, as is the case with all motivational needs, does not become a want until the maintenance needs have been met, at least to a minimum extent. When our maintenance needs have been met we begin to look toward where we can go in the future - no one wants to do the same thing all his life. The opportunity to grow in a business is a strong motivator. It may take the form of in-service training, paid time off to attend workshops, etc.

It was mentioned in the previous article that planning, empathy and communication are important management ingredients in carrying out each of the functions. Planning and empathy are particularly important when considering growth. It requires planning in that the growth of the individual should result in benefits to both the worker and the farm. For example, if the worker, with the farmer's support, learns the concept of accounting but then is not given an opportunity to use this newly acquired knowledge in the farm business, the farm loses and the worker will be frustrated. Empathy is important here in that the need to grow, and the area of growth interest, varies with age, previous growth and other circumstances. The farmer must be very sensitive to the worker's wants, talents and interests when providing him with an opportunity to grow.

Achievement

Achievement can be as big as reaching a 20,000 pound herd average on a dairy farm or as small as completing the task of cleaning the manure pit. One attains a sense of achievement from a task if there is a specific goal and if that

goal is visible, attainable, challenging and meaningful. Admittedly, it is difficult to make the task of cleaning a manure pit challenging and meaningful, but perhaps it can be done. By creating deadlines and by putting the task in perspective relative to the overall operation of the farm, one can gain a feeling of achievement from such a task. Milking cows can be an endless, monotonous chore of putting on and removing machines, where there is no sense of achievement. On the other hand, milking cows can be a challenging, meaningful task having to do with goals such as cows milked per hour, cow health, bacteria count in the milk and overall production and profit.

Responsibility

The desire for responsibility has been seriously suppressed in many people by their parents, teachers and employers, to the point that they avoid responsibility. However, until a worker wants responsibility he will never produce to his maximum potential. If the need/want has been suppressed, it can be brought forth by giving some responsibility well within the capability of the worker and where fear of punishment for failure is minimized.

When the want for responsibility is present in a worker it becomes a powerful motivator. It feels good to be needed, to be relied upon and this feeling makes us want to do our best.

When giving a worker responsibility, it will be an effective motivator only if three factors are present: ability, authority and accountability. If the worker does not have the ability or the training to handle the responsibility assigned, he will fail, and that failure will tend to squelch further motivation. For example, it would be ridiculous for a farmer to give a worker the responsibility of caring for the calves if the worker were not fully knowledgeable about the problems and techniques of raising calves. Without such knowledge, the farm and the worker would both suffer.

Giving authority as part of responsibility is the factor that is most often ignored. Imagine the frustrations of being "responsible for" some facet of a business but hot having any authority to make decisions that lead to a successful outcome. For example, if the worker that has been given the responsibility of caring for the calves has no authority in what is to be fed, what medicine to use, etc., he will not feel very "responsible". Of course, there needs to be some limit to authority: he probably should not be given the authority to build a new calf barn if he feels it is needed, but he should be encouraged to discuss housing needs with the farmer.

The third factor, accountability, is often considered the whole of responsibility. Holding one accountable for his actions is an important part of responsibility, but without the ability and authority, holding someone accountable does not motivate - it only frustrates.

One final point on responsibility. The giving of responsibility requires real attention to all three: planning, empathy and communication. The farmer must plan: develop goals, train, determine amount of authority, etc. He must be empathic: try to understand how the worker feels about his "responsibility". He must communicate to the worker how well he is succeeding.

Recognition

A person will be motivated if he has an opportunity to grow, feels he is achieving important tasks and feels he is needed or relied upon. We are motivated by these opportunities without another person saying a word to us. But when we are recognized for a job well done, it motivates us that much more. It is like the frosting on the cake.

Recognition is of no value as a motivator unless it is earned and anticipated. To praise a worker for doing a poor job encourages sloppiness

and/or feelings of guilt. Also, if a worker is fairly certain no one will notice his efforts there will be less of a tendency to try hard.

Recognition is one part of communications. It may be a word of praise, a smile, a pat on the back, or a gold watch. The important thing is that it be sincere and directly related to the worker's contribution to the business.

The opportunities then, to grow, achieve, take responsibility and to be recognized, tend to motivate people, tend to "turn on" workers. However, as was alluded to in the beginning of this article, some people are more "naturally motivated" than others. Certain workers will respond more readily to the farmer's efforts to motivate them than will others. Therefore, it is important when selecting workers that the farmer look for this trait in applicants. It can be identified often through references but not always, because a previous employer may have discouraged all motivation. It may be recognized through the interview, but may be hidden by nervousness. By doing everything possible to make the applicant feel at ease and then encouraging him to talk about his interests, plans and hopes, and by checking references, a farmer can usually get some feel for the applicant's degree of natural motivation. Coupling this natural trait with the labour management techniques discussed above will result in having a worker who is happy, dedicated, highly productive and a joy to work with. It is well worth the effort.

Tips for Training Farm Workers[1]

Training is one of the functions of labour management, and most farmers would agree that training is an important part of labour management. In reality, however, considerably less time and effort are given to training than its importance suggests. "I just don't have time" is the most common excuse, and "they can pick it up as they go along" is the most common solution.

Inadequate training has negative effects that are far more comprehensive than just poor performance in the short run. The lack of organized, effective training programs can result in injury, lack of confidence and serious breakdown in employer-employee relationships down the road. From the positive viewpoint, effective training aids in fulfilling the worker's safety and esteem needs and is essential to worker motivation since it is an integral part of providing for growth and the taking of responsibility. A worker who, after a short period, does not know exactly what he is to do or how to do it will become dissatisfied, unhappy and less productive.

Every new employee should go through a formal training program regardless of previous training and experience. The training program should be "formal" in that it is planned and that both the employer and employee recognize that training is taking place; not just sharing of opinions. Less time is required to train a highly experienced worker, but the training program familiarizes even the experienced worker with the way things are done on this farm, and where he fits in. The author recently visited with a fruit grower who annually employs a number of workers. Some years ago he developed a training program for all new youth employees. However, it soon became evident that the adult workers with previous experience on other farms needed the training just as much because they were the ones making the mistakes and having the accidents. Now he puts every new employee through a formal training program.

Two other functions of labour management - "job description" and "selecting" have an impact on the training function. A good job description is very helpful in laying out the training plan discussed below. Attention to selecting the right person helps in that the "right" person is anxious to learn, and will pick things up relatively quickly. Past experience is not necessarily an attribute of the "right" person. Experience costs money, and the worker may have some work habits that are not appropriate on this farm. In some cases it is better to select and pay the price for a highly trained person, while in other cases it is better to select an untrained but enthusiastic worker at a lower price, and train him specifically to the needs of this farm.

There are numerous books written and college courses taught on how to train people. Since it is not possible to provide a comprehensive coverage in a paper such as this, some "tips" are discussed that may help the busy farmer. These training tips are divided among three categories. The first group has to do with planning the content - what to teach; the second group relates to planning the format - how to teach; the third group centers around the actual "doing" of the training.

Planning the Content

Determining exactly WHAT will be taught before doing the training will save a considerable amount of time and money in the long run. Below are some tips that will help in this task.

1. Set objectives. Ask yourself "what will the workers be able to do after they have completed the training?" Determine and write down the point you want to reach in terms of the workers' development.

2. Analyze the job. Make a list of the major functions and responsibilities of the job. These functions should be thought of in terms of what the worker is to accomplish by activities he undertakes, or, what is successful output. For example, if a worker is to be trained for the job of machine operator, a major responsibility might be the grain harvest rather than combine operation: the former emphasizes accomplishment, the latter an activity. Grain harvest versus combine operation as labels may appear as very small differences to the manager, but this may be important to the worker. As mentioned earlier, if a detailed job description is prepared prior to hiring the worker, the task of job analysis will be considerably easier than it is without one.

3. Break each job function into a short list of sub-activities. Activities listed under grain harvest might include, among others, opening a field and turning corners.

4. After listing the major responsibilities and the activities under each, think about which are necessary to know for success and which are only nice to know, and plan time requirements accordingly.

5. Identify those responsibilities that the worker will be doing when he first starts on the job. A machine operator's first responsibility might be the daily maintenance of the tractor or machine he is to operate.

6. Identify the critical functions and sub-activities; those where poor performance will cause serious injury and/or major costs. The procedure for unplugging a corn chopper is an example of a critical activity. Plan on putting in more time and emphasis on such activities.

Planning the Format

It is just as important to lay out a plant for HOW to teach as it is to have one for what to teach. When developing the format, the training strategy, one basic rule is paramount - be learner oriented. Constantly try to look at the training plan from the point of view of the people receiving the training. The tips below will help in planning the format in that they deal with those ideas that help people learn and remember. Unless the worker remembers what has been taught, no training has taken place.

1. Go from the known to the unknown. The new machine operator knows how to check the oil and gas in his car, but not in the self-propelled combine. Point out the similarity to him.

2. Go from the simple to the complex. This tip and the one above tend to build confidence in the learner, essential to learning. If the worker is successful in accomplishing an early, simple, training objective, he will be more confident to attack more difficult tasks.

3. Break the training into short units and vary the technique. The attention span of the most conscientious learner is relatively short, so short units and varied techniques will help retain the interest.

4. Use multiple senses techniques and repetition. A person retains something much longer if he can see it, hear it and read it than if he only uses one of his senses. Many training manuals recommend the following four step approach to

training that suggests a multi-sense approach plus repetition:

- you show and tell
- they tell and you show
- they tell and show
- present general background information

Sometimes this approach can be made even more effective if the learner can be provided with follow up reading material. For example, consider the four step procedure above when training the machine operator in the proper replacement and adjustment of the knives in a field chopper. After leading him through the task, suggest he read (and keep available) the section of the operation manual concerning this task.

Doing the Training

If some time has been spent on planning the what and how of training, the actual training will be relatively easy. The basic rule when carrying out the training is the same as for the format: be learner oriented, only now this orientation is not just toward learners in general, but also toward the specific person you are training. The tips below involve both the understanding of people in general and the specific characteristics of the individual to be taught.

1. Prepare the teaching environment. Make sure the materials, equipment and supplies are available and ready to use. Also, make the place as conducive to training as possible.

   Is the noise level low enough so the worker can hear without difficulty, are the light and temperature adequate, and are distractions eliminated as much as possible? If the training concerns operating a field chopper; for example, it is impossible to provide the ideal teaching environment; but if the trainer is aware of the importance of these concerns, provisions can be made for them, such as explaining the operation before starting the machine, then demonstrating the operation, then shutting down the machine before discussing what was done.

2. Know your audience. One obvious piece of information needed here is the past experience of the worker. Previous knowledge about a task does suggest that the training for that task may go considerably more rapidly and consist primarily of step #3 of the training procedure (they tell and show). Less obvious but equally important information needed includes such things as an indication of how quick the worker is in "catching on", how confident the worker is, and what his long run goals are. Having a feel for these factors helps to tailor the training to the worker's needs and thereby makes it more efficient and effective.

3. Prepare the worker. A worker approaching a training session is apt to be tense, nervous and afraid of failure. In such a state, it is much more difficult to learn and remember. Therefore, it is important to put the worker at ease. Begin by visiting with the worker about personal things of interest to him: family, hobbies, etc. Then encourage questions, verbally recognize that to err is human, but assure him he can succeed. Doing this and incorporating the tips under planning the format (such as going from known to unknown) will tend to relax the worker.

4. Involve the worker. Hands-on training holds interest as well as helping in retaining the knowledge.

5. Share the training program. Let the worker in on what you are planning to do, and what the overall objectives are. This gives a sense of direction

to the worker and illustrates why he should try his best to remember what is taught.

6. Ask questions. Questions are important in determining how well the training is proceeding and helps hold the worker's interest. These questions should not call for yes/no answers or straight recall of what has been said, but rather elicit an understanding of what is necessary to know. Sometimes a question posed in the form of a problem is effective: "what would you do if ..... happened?" If the answer is wrong, refrain from saying "no ....." but instead say something like, "I can see why you would suggest that, but let's consider ....."

7. Give positive reinforcement. Reinforce every achievement no matter how small. Never use negative reinforcement. Research has clearly shown that negative reinforcement does considerably more harm than good. Clear and honest positive reinforcement is balanced by achievement. It is part of a reciprocal arrangement. It requires the co-operation of the other person.

Summary

Training is an essential part of labour management. Effective training requires planning, empathy and effective communication. Training should emphasize accomplishments, should be learner oriented and should be carried out in such a way that the learning creates confidence and a feeling of importance in the worker as well as an understanding of the activities. Effective training, in addition to teaching skills, aids in motivating the worker to higher achievement - the overall objective of labour management.

Designing Incentive Plans for Farm Workers[1]

Introduction

An incentive plan is one of many tools used in labour management. It is only effective in certain situations and with certain workers. Studies have shown that it does not rank nearly as high in importance among workers as some other labour management factors, such as a positive employer-employee relationship or the feeling of being in on things. At the same time, in the right situation with the right worker, it can be very effective in maximizing worker output.

How an Incentive Plan Works

The purpose of an incentive plan is to encourage improved performance by rewarding the worker for producing a quantity and/or quality above and beyond "average". It should not be a substitute for a fair wage. It is usually not effective in maintaining or improving the performance and dedication of the good worker.

An incentive plan works on the principle of need satisfaction through superior performance. Most of labour management revolves around satisfying human needs. This was discussed in detail in a previous article "Motivating Farm Workers", but a brief review is in order here to point out how it relates to incentive plans. All humans have the same basic needs but a particular person's age, situation and background determine which of those needs are "wants" (needs he is conscious of) at a specific time. Our behaviour, work and play are determined by our efforts to fulfill our needs/wants. These needs can be categorized into two groups: 1) maintenance needs and 2) motivational needs. The maintenance needs include physiological, safety or security, social and esteem. If these are not fulfilled to our satisfaction we tend to be dissatisfied, and if they are fulfilled we are neutral - not dissatisfied but not "turned on" either. The second group, the motivational needs, include growth, achievement, responsibility and recognition. An employer cannot fulfill these for a worker, but he can create an opportunity for the worker to fulfill them himself. This opportunity to grow, achieve, take responsibility and earn recognition is what motivates workers and gives them the "incentive" to work harder.

Most of the incentive plans presently in use on farms place the emphasis on money as a reward: a percentage of the milk cheque, so many dollars per pig weaned, etc. If the worker is already receiving a fair wage (and remember, no plan should be a substitute for a fair wage), his physiological need (food, shelter) is relatively well satisfied and therefore such a money reward will be successful in part by the extent to which the worker can use it to fulfill other needs outside the business, or views the reward as a form of recognition or accomplishment.

Many incentive plans respond to a worker's motivational needs without being specifically designed to do so. A particular plan may give a worker a feeling of accomplishment, a feeling of responsibility, and/or a sense of recognition. Therefore, if the employer recognizes the importance of the motivational needs and the role that an incentive plan can play in responding to them, a plan can be designed that will be considerably more successful than one that offers only money. Such a plan need not be any more expensive to operate than one based on money alone.

An incentive plan, then, might encourage growth in knowledge through experience. It might offer responsibility by putting the worker "in charge" of some task. The plan should have goals that are challenging, but that can be reached,

and other forms of recognition should be considered in addition to, or in lieu of, money.

Examples of incentive plans that respond to other needs as well as the basic physiological need can be found in many businesses. An insurance company pays its agents a commission on sales but also sends them and their spouses on a weekend trip to Las Vegas if a certain level of sales is exceeded. A newspaper company pays newsboys a commission on new sales but also publishes an article plus a picture of each newsboy who meets a certain sales quota. A blueberry farmer takes his entire crew of fifty teenaged workers to an amusement park for a day if they can hold the costs of sorting berries below a certain level (this plan has been particularly successful). Other businesses give incentive rewards in the form of free training programs, tours through the home plant, etc. These businesses know that there are other things as important, if not more important than money, when it comes to encouraging people to work.

The success of an incentive plan depends not only on its ability to respond to a worker's motivational needs but also on the worker's basic character. Some people are just more naturally curious, self motivated and self starters. A good incentive plan will be more effective with such people. On the other hand, if a worker is basically lazy and has failed to produce even though his maintenance needs have been fulfilled as much as possible by his employer, an incentive plan will probably be of little or no help in remedying the situation. This fact points out the importance of looking for the characteristic of self motivation in job applicants. Often the applicant that is naturally curious, alert, a self starter, but untrained, will be a greater asset to the business than the applicant with training but lacking these other characteristics.

Since an incentive plan should respond to a worker's needs/wants, and since these vary from person to person and within a person from time to time, an effective plan should be designed with a particular worker in mind. Also, a plan will not succeed unless it is tailored to the needs of the farmer. An incentive plan can be an aid or a hindrance in helping fulfill the farmer's needs, so it is important to consider the farmer and his farm in designing a plan.

The first and most obvious consideration is the cost. The farm profits fulfill the farmer's physiological and safety needs, so an incentive plan should increase or at least maintain those profits. This may appear obvious, but the author has seen incentive plans that resulted in serious net costs to the farm business.

Another consideration is the future of the farmer and the farm. Is the farmer young or near retirement age, does he want to expand or not? Is the farm large or small, where is it located relative to urban growth? These and other considerations should be taken into account when designing a plan. Therefore, a specific incentive plan should be tailored not only to the individual worker but also to the individual farmer and farm it is to serve.

Because it is so important to take into account the worker, the farmer and the farm when designing an incentive plan, there is no one good plan for farmers. Some research has been done to observe and record examples of incentive plans, but there has been no attempt to evaluate their effectiveness, and there is no reason to believe if one were successful with one worker on one farm that it would also be successful with a different worker on a different farm.

Guidelines for Incentive Plans

Guidelines, then, are far more valuable than examples in the development of an

effective incentive plan. The guidelines below are divided into two groups; those that relate to the worker for whom the plan is being designed and those that relate to the farmer designing the plan. Some of the guidelines may appear to be too obvious to be mentioned, but observation of numerous incentive plans would indicate that some of the "obvious" guidelines are often ignored.

Worker Related Guidelines

1. The plan should motivate the worker. This has been discussed previously; people are not motivated by money alone.

2. Production should be within the worker's control. There is no incentive for a worker if he feels that he cannot influence production. For example, a percentage of milk receipts provides no incentive to a milker who is given no control over feeding, breeding, culling, etc. For such a milker, it would be more effective to base the plan on something he might have more control over, such as the incidence of mastitis.

3. The plan should be easy to understand. If the plan is so complex or vague that the worker does not understand how he can influence the reward, there will be little or no incentive.

   A "share of the profits" scheme may fail due to its complexity and/or vagueness. A certain dollar amount for each calf weaned is easily understood.

4. The reward should be immediate. A reward long after the act loses much of its effectiveness. An incentive plan related to baby pig mortality is more effective if the reward is given at the time the pig is out of danger than if it is given on an annual basis.

5. There should be no financial risk shifted to the worker. A worker should not be expected to absorb risks incurred by the business or by his failing to respond to the incentive. A plan that demands this acts as a disincentive. This is why it is important that an incentive plan be in addition to a fair base wage. Only if and when the worker has capital invested in the business should he share in the risk.

Employer Related Guidelines

1. The plan should consider the future of the farmer. This has been discussed previously. The farmer's goals, plans and expectations must be taken into account.

2. The employer should have control. This sounds like a contradiction to number two under the worker related guidelines and to some extent it is. It is important to give the worker the responsibility, but if the plan is not properly designed, the worker may be given an incentive to waste the employer's resources. For example, if a dairy worker is provided with an incentive plan to encourage him to get the cows bred back quickly, and there were not restrictions on procedures, he might have cows bred far more often than necessary, call the veterinarian in far too often and cull far too heavily. Such a plan would probably not be in the best interest of the farmer.

3. The return should be greater than the cost. The plan should be evaluated occasionally to assure continued net benefits to the farmer.

4. The possible long run consequences should be realistic. Will the plan continue to be an incentive over time but at the same time not become too expensive? Consider, for example, the dairyman in Michigan who hired a herdsman and provided him with an

incentive plan. The herd was averaging only 11,000 pounds of milk per cow. The plan provided that the herdsman would receive a progressively greater share of the milk receipts as average production increased.

It went so far as to offer the herdsman 100% of all milk receipts over 16,000 pounds per cow. The farmer developed this plan on the idea that the worker would never reach that level (plans should not have unattainable goals) or that if he reached such a goal the cost of producing the additional milk would be minimal. As it turned out, the herdsman attained an 18,000 pound herd average, giving him an income of about $30,000 per year (this was at a time when herdsmans' salaries averaged approximately $10,000). The farmer fired him because the worker's income was greater than his own. The worker was fired for doing exactly as he was asked to do.

Given the above guidelines, it is evident that no incentive plan can comply with all of them. One that is easy to understand may allow waste of resources. If the employer retains complete control, the worker has little opportunity to effect change. An employer must first be convinced the worker will welcome and respond to an incentive arrangement and then design one with the above guidelines in mind. Since most effective plans do entail sharing in the control of the management, there must be an element of trust on the part of each toward the other.

What Incentive Plans are NOT

There are a number of fringe benefits that are often thought of as incentives but are not. The Christmas bonus is an example. It provides little or no incentive because it is not related to anything over which the worker feels he has much direct control, and it is not an immediate reward. It can even promote dissatisfaction by failing to meet expectations: consider how you would feel if you received $50 your first Christmas, $100 the second, $150 the third Christmas and then $150 the fourth. You would be expecting $200, but your cheapskate boss, without giving any reason, cut $50 off your bonus - and this after you worked hard all year. The $150 bonus has made you very unhappy. A Christmas bonus, if given, should be a gift, should be relatively small and about the same each year either in monetary or real terms. Many employers make the gift something other than cash. A turkey, an extra day off, a weekend for two at a nearby ski resort are examples, and it is best if the gift is different each year.

Some employers consider free housing or paid vacations as incentives because the worker is encouraged to stay. These are not incentives in that they do not depend on the performance of the individual. Furthermore, if free housing is the only reason a worker is not quitting he is not working to his potential. Such a worker may be more of a liability to the business than an asset.

Popular Incentive Plans

Now let us examine some popular kinds of incentive plans relative to the guidelines above. Paying a piece rate to pick pickles may increase the workers' speed, but quality may suffer. Pickle growers attempt to counteract this by giving the workers a percentage of the gross sales from the pickles: the contract often calls for the processor to send the workers 60% of the gross and the farmer 40%. The cheques are paid at time of delivery so the reward is immediate. The plan, though somewhat effective with some workers, has two major failings: it does not give the worker much opportunity to fulfill his motivational needs, and the worker shares in the risk of price uncertainty in the market.

A percentage of the milk cheque if production is held above a certain level is another popular plan. Assuming that the worker at least shares in the control of breeding, culling, feeding and milking procedures, it might be fairly effective. The percentage must be high enough to act as an incentive but not so high as to make the cost greater than the benefits (like the Michigan case cited earlier) and the "incentive level" of production must be above what an average worker should be able to maintain but not so high as to be unattainable. Tieing the payment to the price is not a serious fault in this case because of the relative stability of milk prices. The plan might be improved by such things as an opportunity to show cattle (with any winnings shared by the worker), the worker receiving a calf of his choice, or the opportunity to have a greater hand in the management upon reaching a certain goal. These suggestions, though more difficult to design than a straight percentage, do respond more to those needs of a worker that truly motivate him over the long run.

Finally, consider a share of the profits as an incentive plan. Such a plan is used on some farms and is effective if certain criteria are met. These include the worker sharing in the management so that he can see how his input affects profits. Also, the worker must understand enough about bookkeeping so that he knows how the profits are calculated. There must be a high degree of trusts between the farmer and the worker: the farmer must be willing to open his books to the worker and give him management responsibility, and the worker must trust the farmer not to cheat. If these criteria exist, such a plan is very effective in that it provides an opportunity to grow, achieve, take responsibility and be recognized in addition to the cash. Of course, the worker is sharing in the risk of low profits due to low price, bad weather, etc., but if there exists a fair basic wage, his understanding of and dedication to the business will more than offset this fault.

Conclusion

An incentive plan is one of the many tools available to an employer in managing labour. It is more effective when designed for a specific worker and when it contains arrangements that motivate the worker in addition to the cash rewards. It is not a substitute for good employer-employee relations and should not be used to correct a labour problem. However, if the farmer has a good worker that he feels has potential for improvement and a plan is designed with the guidelines above in mind, it can have a tremendous impact on the worker's productivity and farm profits.

SECTION II

FARM LABOUR MANAGEMENT

LABOUR REGULATIONS

Payroll Deductions
Income Tax[2]

An important consideration in employing labour, is payroll deductions. An employer must make deductions for Income Tax, Unemployment Insurance (UI) and Canada Pension Plan, (CPP).

The requirements for deductions vary according to the exact type of employment and the circumstances surrounding each type. The type of business organization (sole proprietorship or corporation) also affects payroll deductions for a farmer and his family. If a farm corporation is formed they become employees of the corporation. For specific regulations, farmers should contact the Payroll Deductions Section of Revenue Canada or obtain "Information on Payroll Deductions for New Employers" from Revenue Canada (District Tax Offices located in B.C. are listed in this publication, in Appendix V.)

When is an Employer required to make deductions?

Basically, payroll deductions at source have to be made by an employer where an employer-employee relationship exists. This is determined if the "person paying for the services has the right to control or direct the person performing the services". The employee is subject to the will and control of the employer not only in what shall be done, but also how it shall be done.

Every employer must deduct income tax, at source, from the following types of income: salary, wages, bonuses, vacation pay, pensions, retiring allowances and death benefits. Included in this is the value of free board and lodging, fuel, farm produce and any other taxable allowance or benefit. An employee's contribution to a Registered Pension Plan (to a maximum of $3,500), CPP and UI are not subject to income tax deductions.

Other non-taxable benefits that are not subject to deductions at source include the employer's contributions to Registered Pension Plans, private health services plans (premiums for Provincial Hospitalization paid by the employer as an employee's premium, or part of, is a taxable benefit), supplementary unemployment benefit plans, group term life insurance plans and deferred (or other) profit-sharing plans.

When individuals are placed on a farm through an employment agency (i.e. seasonal berry pickers), this is deemed to be an employee-employer relationship and income tax deductions are required to be made at source. If those individuals are placed through an employment agency (i.e. labour contractor), whoever pays the remuneration to the person performing the service, either farmer or agency, is deemed to be the employer for the purpose of maintaining records, filing returns and paying contributions.

What is an employer required to do?

Each employer must receive and retain from each employee and up-to-date TD1 form that is used to calculate the amount of tax exemption the employee is entitled to (refer to Part Two - Payroll Records). If the employee's personal circumstances change affecting the net exemption claim, a new TD1 form must be filed within seven days. Failure could result in a penalty to the employee of $10 a day up to $2,500. If no TD1 form is filed, the employer would make deductions as though the employee were a single person entitled only to the basic exemption. No tax deduction needs to be made if the employee certifies on the TD1 that his or her exemption will exceed remuneration from all sources for the calendar year.

To determine the actual income tax to deduct from employees, use the booklet, Income Tax Deductions at Source, that comes in the kit for new employers. This book will provide the necessary tables for most employees. The employer must keep records to provide enough information to determine the correct deductions. If an employee's earnings are interrupted because of termination, illness, injury or pregnancy, the employer is required to complete a Record of Employment form within five calendar days. At year end a T4-T4A return must be filed by the last day of February of the following year for each employee.

What happens to the deductions?

It is the employer's responsibility to keep monies deducted "separate and apart" as these are trust funds temporarily in his possession and should always be readily available to be remitted by the 15th day of the month following the deduction. This is done by a certified cheque or money order, payable to the Receiver General of Canada. For most of B.C., remittances are mailed to the Taxation Centre, Surrey, V3T 5E5. For the Peace River region remittances are mailed to the Taxation Centre, Winnipeg. It can also be remitted where you bank. Form PD7AR "Tax Deduction - CPP - UI - Remittance Form" should accompany the payment.

If Form PD7AR is not received or is lost, forward the remittance as stated above, indicating pay period and breakdown of total remittance. Also state the "Employer Number".

Penalties for Failure to Comply

The employer can be penalized 10% plus interest, on the amount deducted, for remitting late or failing to remit. The same penalty is applied if the employer fails to deduct tax that should have been deducted. The employer could also be prosecuted with fines up to $10,000 and imprisonment. A corporation, and the officer of the corporation responsible are also liable to the same penalties.

Employer Number for New Remitters

A new employer who has never remitted income tax deductions, UI or CPP premiums should not delay payments. Send the required amount to the Taxation Centre with a letter indicating you are a new employer, indicate pay period covered, your exact name and address and the payment breakdown. Revenue Canada will send you Form PD20 (Employer Registration) to fill out and assign an Employer Number.

If the employer has periods with no employees, this should be indicated on Form PD7AR, including the date when remittances are expected to resume. If an employer ceases business, all amounts deducted are due within seven days of the day business was discontinued and the T4-T4A return must be filed within thirty days. Failure to file the T4-T4A return on time (including the last day of February for all employees) incurs a penalty of $10 for each day to a maximum of $2,500.

Farm Corporations

In private farm corporations, the company is the employer. Therefore, family members are employees of the corporation receiving a wage from which deductions must be made. Income tax and Canada Pension Plan deductions, must be made for each employee receiving a wage. Unemployment Insurance should not be deducted from either spouse of a farm corporation if both spouses or one spouse owns more than 40% of the corporation's shares. Other family members receiving a wage should not have U.I. deducted if they own more than 40% of the corporation's shares.

The employer, the corporation, must make contributions to C.P.P. The employer must contribute to U.I. for those employees that had deductions made.

Payroll Deductions
Canada Pension Plan(2)

Introduction

The Canada Pension Plan (CPP) is a federal government program that covers most individuals who work in Canada. Under this program, employee deductions and employer contributions are submitted to CPP by employers. Employers must also make their own contribution if they are self-employed. The contributed funds are paid out as a retirement pension available at age 65 and in a number of other ways.

This article will concentrate on the employer's responsibility under the CPP program. For more specific information and examples refer to the booklet Canada Pension Plan Contribution and Unemployment Insurance Premium Tables.

Employer's Responsibility

Where an employer - employee relationship exists (see Part 1), the employer must deduct CPP contributions from wages, salary or other remuneration paid to employees. This includes holiday pay, bonuses, directors' fees, gratuities, value of board or lodging or any other taxable benefit (e.g., free produce) as defined under the Income Tax Act. Certain employee payments are not subject to CPP contributions with the ones of main interest to farmers being:

1. Payments to a person under 18 or over 70. A person between ages 65 and 70 has the option of contributing to CPP or collecting a retirement pension from CPP. The employer must deduct contributions for employees aged 65 and over until such time as the employee applies for CPP and provides the employer with an "award letter" after which no contributions can be made.

2. Payments arising from employment in agriculture or an agricultural enterprise where:

   a) the employer pays the employee less than $250 in cash remuneration in a year;

   OR

   b) the employee is employed on terms providing for payment of cash remuneration, for a period of less than 25 working days per year.

   Both a and b must be reached before CPP is deducted.

   example: An employee working 20 days and earning $1000 will not have CPP deducted.

3. Where no cash remuneration is paid to an employed child who is a dependent or being maintained by the employer.

The responsibility, for source deductions as an employer for those employees placed through an employment agency, falls to the party who pays the employee.

Contribution Levels

For 1984 the maximum employee contribution is $338.40. This is based on contributions of 1.8% on maximum pensionable earnings of $20,800 less a basic exemption of $2,000. The employer's contribution matches the employee's contribution. If an employee reaches ages 18 or 70, or starts receiving a CPP retirement pension between ages 65 and 70, the maximum contribution is reduced by the number of months of ineligibility.

The maximum employee contribution changes each year. The maximum is based on contributions of 1.8% or on the maximum pensionable earnings which also change each year. Below are shown the changes from year to year plus the maximum earnings and contributions for 1984. This information is normally found in your employer's guide book Canada Pension Plan Contribution and Unemployment Insurance Tables. This booklet provides tables that show the deductions to be made from each pay cheque when required.

CALCULATION OF YEAR'S MAXIMUM PENSIONABLE EARNINGS AND CONTRIBUTIONS

Year	Year's Maximum Pensionable Earnings		Year's Basic Exemption		Year's Maximum Contributory Earnings		Rate		Maximum Annual Employee Contribution
	$		$		$		%		$
1981	14,700	-	1,400	=	13,300	x	1.8	=	239.40
1982	16,500	-	1,600	=	14,900	x	1.8	=	268.20
1983	18,500	-	1,800	=	16,700	x	1.8	=	300.60
1984	20,800	-	2,000	=	18,800	x	1.8	=	338.40

In a farm corporation, the corporation must make the appropriate deductions and contributions, including those for employed shareholders and/or dependents.

Payroll Deductions
Unemployment Insurance[3]

On January 1, 1983 farmers were no longer exempted from Regulation 16 of the Unemployment Insurance Act. This created a situation where Unemployment Insurance had to be deducted after fifteen hours or seventy-seven dollars ($77.) of earnings in a week.

On July 31, 1983 a second change was made that again created a unique situation for farm employers. Farm employers are now required to make deductions only after an employee has worked more than six days in a calendar year. Once an employee has completed a more than six days and then continues working further days employee's deductions will have to be calculated back to day one.

Example of Deductions:

1. Employee works two days in a week; five hours each day and earns fifty dollars.

WEEK I			
Thurs.	Day 1	5 hours	$25.
Fri.	Day 2	5 hours	$25.

Same worker returns next week; works five days at 10 hours/day.

WEEK II			
Mon.	Day 1	10 hours	$50.
Tue.	Day 2	10 hours	$50.
Wed.	Day 3	10 hours	$50.
Thur.	Day 4	10 hours	$50.
Fri.	Day 5	10 hours	$50.

Earnings in week 1, are not insurable if the employee is paid weekly or monthly.

Earnings in Week 1 are insurable if the employee is paid bi-weekly. Week 1 becomes insurable under bi-weekly pay periods because the wages are averaged.

Due to the nature of unemployment regulations it is imperative that employers make careful note of exact days worked and renumeration paid for each employee.

The booklet Canada Pension Plan Contribution and Unemployment Insurance Premium Tables contains examples and information on Unemployment Insurance regulations.

Other situations and questions are best addressed to Revenue Canada. A list of offices and phone numbers are provided in the appendix.

As well as making deductions from the qualifying employees, the employer must also contribute an amount 1.4 times the employee deductions and remit both the employee deductions and employer contribution to the Receiver General of Canada.

Separation Slips

A second requirement for employers is the completion of separation slips. Only those employees that have worked more than six days must be supplied with a separation slip.

Short term employees may be provided with a "Record of Employment-Agricultural Day Worker", EMP3430. This form supplies both the employee and employer with an excellent record of actual days worked and renumeration.

Longer term employees must be supplied with a regular "Record of Employment" EMP2106 (8-82).

Separation slips are obtained from Employment and Immigration Canada. Separation slips are valuable documents giving employees access to government funded programs. Therefore, verification of your employer status will be required before the forms are released. Any questions regarding the completion of separation slips will be answered by Employment and Immigration Canada.

T4 Slips

A third requirement for employers is to complete a T4 slip. This must be done for any employee that had UI, CPP or Income Tax deductions made from their gross salary. Also any employee earning over $250 must have a T4 slip. A completed T4 slip must be sent to the employee. If the employee cannot be reached then the employer must retain the T4 slips in his file for future enquiries.

As forementioned, there are several requirements for the employer to complete for each employee. Due to the varying nature of the requirements, a good set of labour journals will need to be maintained on a regular basis. An example of labour journals are found in this publication on page 41.

The Employment Standards Act[4]

If you are a farm worker, or a farmer who hires farm labour, you should be aware of provincial legislation that will affect agricultural workers as well as those in other industries.

Recent passage of Bill 36 by the British Columbia Legislature has created new employment standards that now include agricultural workers. The new act, called the Employment Standards Act, introduces new labour standards and alters some existing standards. The major areas affected are: hours of work and overtime, annual vacation, maternity leave and employee protection.

This article discusses the provisions of significance to farm employers and presents the basic outline of the new Act.

How the Act Affects Agriculture

Farm workers are covered in general by the Act. The agricultural industry has, however, because of its nature been granted relief from certain aspects of the legislation. The major exclusion is from the provisions of Part 3 of the Act, dealing with hours of work and overtime. This exclusion recognizes the special requirements that agriculture has with respect to planting and harvesting crops.

The major areas affecting farm employers are as follows:

Records

With respect to records, farm employers will be required to keep a record of the wages earned, the wages paid, the wage rate, the hours worked each day, each deduction made and the reason it was made and the employee's name, occupation, date of birth and residential address. These records must be in English and kept at the employer's principal place of business for a period of one year after the employee ceases employment.

What are the Minimum Wages?

(i) $3.00 per hour for a person under the age of 18, and
(ii) $3.65 per hour for a person aged 18 or older.
(iii) The minimum wage for a live-in homemaker, or a domestic, farmworker or horticultural worker whose conditions of employment provide that he is to be paid wages other than on an hourly or piece work basis, is $29.20 for each day or part of a day worked.
(iv) The minimum wage for farm workers who are employed on a piece work basis to hand harvest the following fruit, vegetables or berry crops is, for gross volume or weight picked, as follows:
   a) raspberries- $ .155/pound
   b) strawberries- $ .15/pound
   c) blueberries- $ .195/pound
   d) cherries-$ .105/pound
   e) apples- $8.00/bin (27.1 cu. ft.)
   f) pears- $9.00/bin (27.1 cu. ft.)
   g) apricots-$8.50/1/2 bin (13.7 cu. ft.)
   h) peaches- $8.50/1/2 bin (13.7 cu. ft.)
   i) prunes- $9.00/1/2 bin (13.7 cu. ft.)
   j) grapes- $8.50/1/2/bin (12.6 cu. ft.)
   k) brussel sprouts- $ .07/pound
   l) beans- $ .10/pound
   m) peas- $ .125/pound
   n) mushrooms- $ .11/pound

Employment Standards Act

This Act provides minimum employment standards and does not interfere with arrangements between an employer and

employee that provide for standards which exceed the minimum. The regulations to this Act became effective March 14, 1981 and was recently amended on December 1, 1983.

The basic Act setting new standards and conditions of employment is structured in thirteen parts. In summary form, they are as follows:

Part 1:

Deals with interpretation and application of the Act. After the amendment on December 1, 1983 Part 1 also applies to the standards of the Act. This deals specifically with Parts 3, 4, 5, and 7 of the Act and states how these Parts are affected by the presence of a collective agreement.

Part 2:

Deals with wage protection and provides when and in what manner the employer must pay wages, and what records must be kept. This part also deals with litigant measures such as wage recovery, wage priorities, responsibilities of Directors and associated corporations and also includes the adjudication function of the Employment Standards Board.

Part 3:

Provides minimum requirements for overtime wages, rest periods, lunch breaks, call-out and notice of shift assignments. As discussed earlier, agriculture workers are exempt from this section.

Part 4:

Requires that an employer provide an annual vacation of at least two weeks a year with pay (equivalent to 4% of gross earnings) and three weeks after five years (equivalent to 6% of gross earnings). This part provides the time within which the vacation or vacation pay must be given. Vacation pay must be paid at a rate of 4% of gross wages to any employee working five days or more.

Part 5: This part provides that, subject to the qualifications, an employee shall be entitled to written notice of termination of employment for periods ranging from two weeks' notice after six months of employment to three weeks' notice after three years of employment and an additional weeks' notice for each subsequent year to a maximum of eight weeks. In the event employment is terminated without notice and without just cause, etc., the employee becomes entitled to severence pay in an amount of wages equal to the notice entitlement period.

Part 6:

This part deals with child employment and states that a child under the age of fifteen years shall not be employed without the written permission of the Director, Employment Standards.

Part 7:

Provides a right to leave of absence without pay not exceeding eighteen weeks during an employee's pregnancy (commencing eleven weeks immediately before the estimated date of birth or a later time the employee requests). It also provides for an additional period not exceeding six weeks where a medical practitioner certifies the employee is unable to return to work for reasons related to the pregnancy. The Employment Standards Board is given the power to order an employer who has contravened this part to remedy the situation and compensate the employee.

Part 8:

Provides employee protection from deceptive or false representation concerning the availability of a position or the nature of the position and also provides that there shall be no improper treatment of an employee because the employee may have filed a complaint.

Part 9:

Provides for licensing of farm labour contractors.

Part 10:

Provides for compulsory registration of employment agencies, except "in-home" agencies and prohibits charging an employee a fee for obtaining employment.

Part 11:

Establishes a procedure for investigating complaints and provides for appeals to the Director of Employment Standards.

Part 13:

Deals with powers of inspection of employers' records and powers of entry. This part also includes the Offences section and identifies the liabilities of committing an offence, and finally, section 105 empowers the Lieutenant Governor in Council to make regulations concerning conditions of employment.

Summary

The Employment Standards Act affects the agricultural industry. Farm employers and farm workers should be aware of the Act and how it affects their individual situation. A list of Employment Standards Branch offices is found in Appendix III.

Farm Labour Contractors[5]

1. **FARM LABOUR CONTRACTOR DEFINED.**

   Farm labour contractor means an employer whose employees do work in connection with the planting, cultivating, or harvesting of any horticultural or agricultural product, for or under the direction of another person.
   NOTE: Farm Labour Contractors are cautioned that there are special provisions governing the licencing of their business as it affects employees. Additionally, there are special provisions concerning when an employee's wages must be paid and the minimum wage an employee should receive.

2. **AS A FARM LABOUR CONTRACTOR, HOW DO I OBTAIN A LICENCE?**

   An application for a licence must be made to the Director of Employment Standards. Application forms may be obtained from your local Employment Standards Branch Office.

3. **WHAT CONDITIONS MUST BE MET TO OBTAIN A LICENCE?**

   (i) A statement of facts is required by the director concerning the applicant's previous experience, competency, responsibility, and the manner and method by which he proposes to conduct his operations as a licencee;

   (ii) the names and addresses of all persons financially interested in the proposed operation; e.g. partners, associates, directors or shareholders;

   (iii) demonstrate to the director as to his character, competency and responsibility;

   (iv) paid to the director a prescribed licence fee;

   (v) demonstrated to the director by way of written or oral examination a knowledge of his obligations under the Act;

   (vi) deposited with the director, security for payment of wages or provide a bond under the Bonding Act in an amount the director considers appropriate.

4. **HOW LONG DOES A FARM LABOUR CONTRACTOR LICENCE LAST?**

   A licence expires on December 31 of the year in which it is issued.

5. **IS A LICENCE TRANSFERABLE OR ASSIGNABLE?**

   No, additionally where there is any change in the directors or shareholders of a corporation that is a farm labour contractor, the corporation must submit an application for a new licence within 7 days. Failure to apply within the time specified renders the licence of the corporation void.

6. **WHAT OBLIGATIONS ARE ASSOCIATED WITH THE LICENCE?**

   (i) A farm labour contractor must carry with him at all times while carrying on his licenced activities and shall show it to all persons with whom he deals as a farm labour contractor;

   (ii) immediately notify the director of a change in his business or residential address;

   (iii) upon request of an employee or others with whom he contracts as a farm labour contractor, a

written statement showing the wages he is paying to his employees;

(iv) have displayed at the work site and on all vehicles used by him for transportation of employees, the wages he is paying to his employees.

7. WHEN ARE WAGES PAYABLE?

(i) Wages are payable at least every 7 days.

(ii) A pay period for employees of a farm labour contractor is a period not exceeding 7 days and all wages earned during the period ends

8. AS A FARM LABOUR CONTRACTOR AM I REQUIRED TO PAY HOLIDAY PAY?

Yes, your employees are entitled to holiday pay providing they have been employed 5 days or more; for further information see Bulletin No. 4, titled Annual Vacations.

9. WHAT ABOUT GENERAL HOLIDAYS?

Employees employed primarily to harvest fruit or berry crops are excluded from the provisions governing general holidays.

Farm Employers and Workers' Compensation[3]

Farm employees, like all other employees in the province of British Columbia, are now eligible to receive benefits provided by the Workers' Compensation Board. The employees' right to benefit exists whether or not any given farm employer is registered with the W.C.B.

As the employee is protected, the farm employer must also ensure he or she is protected. By registering with the W.C.B. the employer obtains protection from litigation involved with farm employee work related accidents. As an employer, careful consideration should be given to protecting your equity and family lifestyle through registration with the W.C.B. Farm employers should consider W.C.B. as a method of protecting their investment as well as their employees. Farmers hiring labour must register with the W.C.B.

There are many questions that must be dealt with in regards to any new regulation. The following is a question and answer format that deals with many of the questions which may arise: (For those particular situations that are not answered, your local office of the Board is your best source of advice. A list of those offices has been included in Appendix IV.)

HOW DO I APPLY FOR COVERAGE?

An application form may be obtained by writing or visiting the W.C.B. office closest to your farm location. Once an application form is completed and accepted by the W.C.B. your coverage will begin.

WHAT MUST I INCLUDE IN THE WAGE ESTIMATE FOR A:

a) SOLE PROPRIETORSHIP?
b) PARTNERSHIP?
c) LIMITED COMPANY?

a) **Sole Proprietorship**

Only those wages paid to outside employees or working family members over nineteen. Wages paid to a spouse or children under nineteen are not to be included.

b) **Partnership**

i) Husband and wife
Wages paid to outside employees and children irrespective of age.

ii) Other than husband and wife
Wages paid to outside employees and any family member of the partners

c) **Limited Company**

Wages paid to all employees, shareholders included. If no wages were paid to a shareholder then some other expression of value, such as a dividend, will be considered in lieu of a wage. If no drawings (including dividends) were made by active shareholders then a deemed wage of up to ($259.00) two hundred fifty nine dollars per week may be assigned based on the shareholder's amount of activity.

MUST I LIST INDIVIDUAL EMPLOYEES WITH THE W.C.B.?

No. Once you are registered, all employees, transient or full time, are covered. However, a complete record of all employees hired and wages paid must be retained for verification purposes.

I ALREADY CARRY PRIVATE INSURANCE TO COVER MY EMPLOYEES. MUST I ALSO REGISTER WITH THE BOARD?

Yes. Registration with the Board is mandatory for farm employers.

A review of your private policy will be necessary to eliminate costly double coverage. However, this review should include close scrutiny of your liability coverage for people present on your property. Workers who live on your property as well as work may need both types of coverage.

ARE MY SPOUSE, CHILDREN AND I COVERED UNDER W.C.B.?

This depends on how your farm business is arranged, whether it be:

a) a sole proprietorship
b) partnership
c) limited company

a) Sole proprietorship

Wife, husband and their children under 19 are not automatically covered.

b) Partnership

i) Neither husband or wife is automatically covered. Children are covered in relation to wages paid.

ii) Other Than Husband and Wife

Neither party is covered. Other family members are covered in relation to wages paid.

NOTE: For both the sole proprietorship and partnerships optional coverage is available for those members not automatically covered. Forms and information on optional coverage can be obtained from any W.C.B. office. This should be weighed against cost and benefits available through private insurance.

c) Limited Company

All active members of a Corporation are covered in relation to their actual or deemed expression of worth.

HOW OFTEN WILL I BE BILLED BY W.C.B.?

The estimate you include on your application form will determine the methods of payment. If your estimate of wages is ($16,667) sixteen thousand six hundred and sixty-seven dollars or over you will report quarterly. Any estimate under that amount will be reported annually.

WHAT WAGE BENEFITS MUST BE INCLUDED IN CALCULATING THE WAGE BILL?

Those benefits that are paid in cash such as holiday pay must be included in the assessed wages. Benefits such as housing and use of vehicles are not assessable under the W.C.B. Generally speaking, those benefits that show up on box C of an employees' T4 slip are assessable by the Board.

WHAT WILL BE MY BILL TO THE BOARD?

Your assessment will be three percent (3%) of your total wage bill for 1983. This assessment may change in future years as claims are tallied and cost recovery necessitates increases or decreases.

WILL MY INDIVIDUAL FARM RATE GO UP IF I HAVE AN ACCIDENT?

No. At present all farms have the same rate. The board is divided into industrial sectors, each sector having its own rate. Some of these rates vary from as high as 12% in some aspects of forestry to the present rate of 3% for farms. The rate is determined by prior history of claims from each sector.

At present agriculture has a surplus in its account which was generated by past voluntary subscriptions to the Board.

Although farms will not be assessed individually there is an attempt to monitor each commodity group in regards to the number of claims and subsequent costs. In future the board may assess commodity groups at different rates.

HOW MUCH DOES THE EMPLOYEE CONTRIBUTE TO THE COST OF HIS PROTECTION?

The cost of protection is borne solely by the employer.

I UNDERSTAND THE BOARD HAS A DEFICIT IN ITS OVERALL OPERATIONS. ARE WE EXPECTED TO CARRY THIS DEFICIT IN OUR ASSESSMENT?

The deficit has been created by upgrading of past pensions and settlements. Agricultural enterprises are expected only to contribute to their own costs of claims and administration.

MUST I INCLUDE CONTRACT LABOUR IN MY ESTIMATE OF WAGES? ARE CONTRACTORS COVERED UNDER MY FARM OR THEIR OWN COMPANY?

If a contractor has his own WCB coverage there is no need to include him in your estimate or consider any claims from that contractor on your farm. However, it is the responsibility of the farmer to ensure that the contractor has the coverage claimed. This may be accomplished by contacting the closest W.C.B. office.

If a contractor does not have his own WCB coverage then his wage or value of performance must be included in your estimate and claims must be covered under your registration. You may, however, subtract an equipment allowance before including the value of the contract in your wage assessment.

Example:

Contract value X given % = equipment allowance

Contract value - equipment allowance = assessable value

The W.C.B. will provide information on the various percentages for different machines.

ARE FARMS NOW SUBJECT TO THE W.C.B. HEALTH AND SAFETY REGULATIONS?

Initially farm employers were exempt from Health and Safety Regulations. As of April 1984 this situation has changed. This change was implemented by the W.C.B. because of a lawsuit launched by the B.C. Federation of Labour, stating that the board was not fulfilling its mandate when exemption for farms was allowed. The Board has, therefore, decided to implement Health and Safety Regulations for farms. However, these regulations will not be the same as the ones applied to industry. The Board in conjunction with the B.C. Federation of Agriculture will draft a set of regulations that will be specific to the farming community.

WHAT MUST I DO IN CASE OF ACCIDENT?

In the event of an accident, your requirement as an employer is to ensure medical attention for the injured party.

Further to this, the W.C.B. requires that you complete a Form 7, Employer's Report of Injury or Industrial Disease. This form must be submitted to the Board within three days of the accident and may be obtained from any W.C.B. office.

WHAT IF AN EMPLOYEE REPORTS AN ACCIDENT AND I AM UNSURE AS TO WHETHER THAT ACCIDENT HAPPENED AT MY WORKSITE?

Any such suspicion should be included by stating "yes" to question ten (10) and sending details along with the Form 7. The Board is basically responsible in determining the value of an employees' claim.

WHAT TYPE OF RECORDS MUST BE KEPT?

A labour journal stating the employee's name, gross wages, benefits and deductions will be sufficient for W.C.B. purposes. For an incorporated farm a financial statement will also be required if requested.

IS THERE COVERAGE FOR MY FARMING NEIGHBOURS WHO TRADE LABOUR WITH ME?

Employers who are registered for employee protection only will not be covered when exchanging labour on a neighbour's farm. Accordingly, there is no need to include in your assessment the value of exchanged labour. However, this type of liability situation should be reviewed between the farmer and the insurance agent of his choice.

IF I LEND EMPLOYEES TO A FARM NEIGHBOUR ARE THEY COVERED UNDER MY ASSESSMENT OR MY NEIGHBOUR'S?

The employer paying wages includes those employees under his assessment.

AFTER A WORK RELATED ACCIDENT MAY AN EMPLOYEE LAUNCH FURTHER LEGAL CLAIMS AGAINST MY FARM?

No. The W.C.B. protects the employer from any such action from an employee.

If you have further questions to the above you may contact one of the W.C.B. offices listed in Appendix IV.

If you have enquiries as to how to establish a labour record system you may contact your local Ministry office for assistance.

Payroll Records[3]

All previously mentioned regulatory agencies, Revenue Canada, Workers' Compensation Board, Employment Standards Branch all require the retention of records.

Records are also required by the farm manager. From good records a manager can develop a picture of his annual labour activity. With sound knowledge of previous accomplishments the manager can then make his future labour plans as part of the total farm plan.

There are many labour record forms available in local stationary stores. Also available are "one write" forms which allow a record keeper to write the cheque, make the pay slip and retain records all in one writing. These are available from business form companies. Some managers may wish to use a computer to assist with their records. Some chartered banks and accounting companies provide computerized record keeping. For those who wish to keep labour records on their own micro computer Revenue Canada provides a booklet MC40, that gives instructions and formulae for developing such a programme.

Still others may wish to have an accounting firm take the burden of labour payroll deductions. If an outside firm is used, it is important that the farm manager still monitor the situation closely. This is especially important when considering the impact of labour on your farms annual cash flow.

For those managers who wish to keep their own records a sample of a labour journal is included on the next page. Following the sample are several examples of the labour records use.

TIPS

1. Keep a separate page for each employee. This will facilitate U.I. calculations, separation slip completion and T4 slip completion.

2. Make a separate total of all deductions and employer contribution (U.I. CPP) from each employee on a separate page to facilitate payments to Receiver General.

3. Enter each employee pay cheque and each cheque to the Receiver General under labour on your general ledger. This will facilitate your cash flow planning.

4. A separate total of gross wages for all employees will have to be made to accommodate Workers' Compensation Board.

5. Enter holiday pay as a separate entity on your labour journal. Do not combine this pay with wages earned. This will satisfy Employment Standards Act regulations.
   NOTE: Unemployment Insurance is not deducted from " Holiday Pay" upon termination.

HIRED LABOR RECORDS (8)

NAME _____

SOCIAL INSURANCE NUMBER _____

DATE	PAY PERIOD ENDING DAY MO.	WAGE CALCULATIONS			1	2	3	DEDUCTIONS					CHQE NO.	9
		PAY RATE $ ¢	HRS. DAYS, NO. UNIT		TOTAL WAGES	TAXABLE BENEFITS	TOTAL EARNINGS	4 C.P.P.	5 U.I.	6 INCOME TAX	7 OTHER	8 BOARD		AMOUNT OF CHEQUE

Assumptions Used in Calculating Source Deductions

1. J.L.P.: - Is a full-time employee
   - TD1 filled out - Net Claim Code 1
   - Is paid bi-weekly (use bi-weekly tables)
   - Is provided with a house with a value of $100.00 bi-weekly
   - Tax based on 480.88 (500-C.P.P. 6.30-U.I. 11.50)

HIRED LABOR RECORDS			1				2		3		4		5		6		7		8		9	
DATE	EMPLOYEES INITIALS OR NUMBER	PAY PERIOD ENDING DAY MO.	WAGE CALCULATIONS				TAXABLE BENEFITS		TOTAL EARNINGS		DEDUCTIONS										CHQE NO.	AMOUNT OF CHEQUE
			PAY RATE $ ¢		HRS. DAYS, NO. UNIT		TOTAL WAGES				C.P.P.		U.I.		INCOME TAX		OTHER		BOARD			
Sep14	JLP						400	00	100	00	500	00	7	62	11	50	60	30	100	00		149	320	58
Sep28	JLP						400	00	100	00	500	00	7	62	11	50	60	30	100	00		231	320	58
		TOTAL					800	00	200	00	1000	00	15	24	23	00	120	60	200	00			641	16

2. Farmers' Spouse:
   - Is paid bi-weekly
   - C.P.P. is deducted (has reached the 25 days)
   - Tax may also be deducted if total earnings are greater than $253.00 on net claim code 1

HIRED LABOR RECORDS			1				2		3		4		5		6		7		8		9	
DATE	EMPLOYEES INITIALS OR NUMBER	PAY PERIOD ENDING DAY MO.	WAGE CALCULATIONS				TAXABLE BENEFITS		TOTAL EARNINGS		DEDUCTIONS										CHQE NO.	AMOUNT OF CHEQUE
			PAY RATE $ ¢		HRS. DAYS, NO. UNIT						C.P.P.		U.I.		INCOME TAX		OTHER		BOARD			
Sep14	Spouse										3	17	nil		nil						150	249 83
Sep28	Spouse										3	17	nil		nil						232	249 83
		TOTAL									6	34	nil		nil							499 66

3. Farmers' Child:
   - Age 16 years (dependent) - No U.I.C.
   - Holiday pay on termination
   - Paid Weekly
   - Piece Work

HIRED LABOR RECORDS					1	2	3	4	5	6	7	8	9	
DATE	EMPLOYEES INITIALS OR NUMBER	PAY PERIOD ENDING DAY MO.	WAGE CALCULATIONS			TAXABLE BENEFITS	TOTAL EARNINGS	DEDUCTIONS					CHQE NO.	AMOUNT OF CHEQUE
			PAY RATE $ ¢	HRS. DAYS, NO. UNIT	TOTAL WAGES			C.P.P.	U.I.	INCOME TAX	OTHER	BOARD		
Sep14	Child			20 units	200 00	nil	200 00	nil	nil	nil			151	200 00
Sep28	Child			20 units	200 00	nil	200 00	nil	nil	nil			233	200 00
				TOTAL	400 00	nil	400 00	nil	nil	nil				200 00

4. Part-Time Labour

b) AWS: - Worked one 10 hour day and picked 9 bins of apples at $10.00 per bin
- TD1 exemption section completed
- No holiday pay

HIRED LABOR RECORDS						1	2	3	4	5	6	7	8		9	
DATE	EMPLOYEES INITIALS OR NUMBER	PAY PERIOD ENDING DAY MO.	WAGE CALCULATIONS				TAXABLE BENEFITS	TOTAL EARNINGS	DEDUCTIONS					CHQE NO.	AMOUNT OF CHEQUE	
			PAY RATE $ ¢		HRS. DAYS, NO. UNIT	TOTAL WAGES			C.P.P.	U.I.	INCOME TAX	OTHER	BOARD			
Sep11	AWS		10	00	9 units	90 00	nil	90 00	nil	nil	nil			145	90	00
		TOTAL				90 00	nil	90 00	nil	nil	nil				90	00

5. LAR:
- This is his second monthly pay period. He earned $1500.00 in August, and $1600.00 in September (Monthly Tables)
- He is being terminated September 30, and will receive 4 percent holiday pay of $124.00
- He has received three $100.00 advances during September (Note the $100.00 adjusting entry for advances in order that the "other" deduction column will balance)
- U.I.C. based on $1600.00 (Monthly Tables) (No U.I.C. on holiday pay)
- C.P.P. based on $1724.00 (Monthly Tables)
- TD1 exemption section completed

HIRED LABOR RECORDS						1		2		3		4		5		6		7		8		9	
DATE	EMPLOYEES INITIALS OR NUMBER	PAY PERIOD ENDING DAY MO.	WAGE CALCULATIONS					TAXABLE BENEFITS		TOTAL EARNINGS		DEDUCTIONS										CHQE NO.	AMOUNT OF CHEQUE
			PAY RATE $ ¢		HRS. DAYS, NO. UNIT		TOTAL WAGES					C.P.P.		U.I.		INCOME TAX		OTHER		BOARD			
Sep 7	LAR	Advance																(100	00)			140	100 00
Sep14	LAR	Advance																(100	00)			152	100 00
Sep21	LAR	Advance																(100	00)			225	100 00
Sep28	LAR	Advance					160	00	124	00	1724	00	28	03	36	80	nil		300	00			234	1359 17
TOTAL							1600	00	124	00	1724	00	28	03	36	80	nil		0	00				1659 17

6. OHR: - Worked 5 days this pay period, bringing him up to the 25 days that he worked for this farmer
- His previous gross wages for 20 days were $1200.00 (back in June), and no C.P.P. was deducted. Wages for this 5 days are $300.00
- C.P.P. deduction is based on $1500.00 over 5 weeks of work or an average of $300.00 per week. Using weekly tables the C.P.P. deduction will be $4.71 x 5 weeks = $23.55
- U.I.C. deduction based on $300.00 earning this week

HIRED LABOR RECORDS			1					2		3		4		5		6		7		8			9	
DATE	EMPLOYEES INITIALS OR NUMBER	PAY PERIOD ENDING DAY MO	WAGE CALCULATIONS					TAXABLE BENEFITS		TOTAL EARNINGS		DEDUCTIONS										CHQE NO.	AMOUNT OF CHEQUE	
			PAY RATE $ ¢		HRS. DAYS, NO. UNIT		TOTAL WAGES					C.P.P.		U.I.		INCOME TAX		OTHER		BOARD				
Sep29	OHR						300	00		300	00	23	55	6	90							235	269	55
TOTAL							300	00		300	00	23	55	6	90								269	55

TOTAL REMITTANCE TO RECEIVER GENERAL
AS CALCULATED FROM PREVIOUS LABOUR JOURNALS

EMPLOYEE DEDUCTIONS AND EMPLOYER CONTRIBUTIONS FOR THE MONTH OF SEPTEMBER

Employee Deduction	CPP	UI	TAX
JLP	15.24	23.00	120.60
Spouse	6.34		
LAR	28.03	36.80	
OHR	23.55	6.90	
Employee Totals	76.16	66.70	120.60
Plus Employer Contributions	x 1.0	x 1.4	
	76.16	93.38	

Total Remittance: Employee deductions plus employer contributions $152.32 + $160.08 + $120.60 = $433.00

Total amount $433.00
is to be remitted by October 15th

SPECIAL NOTE

Labour hired to construct capital items; fences, buildings, sheds, must be included in the cost of the building and must not be used as an income tax expense.

SECTION III

FARM LABOUR MANAGEMENT

FAMILY MEMBERS AS WAGE EARNERS

Payment of Wages to Spouse[6]

On April 21st, 1980, the Federal Government amended the Income Tax Act to allow unincorporated farms to pay wages to a spouse. This allows a farmer to pay his or her spouse a salary and deduct the cost as a business expense. The amount of the salary must be reported as income of the spouse. This has the effect of lowering the income tax payable by unincorporated businesses but, more importantly, it recognizes the contribution which spouses make to the farming businesses.

The proposal to make the salary paid to a spouse tax deductible was first introduced in the December 1979 budget and was included in the ways and means motions of April 21, 1980 and became effective January 1, 1980. Under the proposal, the wages would be reported as income by the spouse and would be eligible for coverage under the Canada Pension Plan.

No Unemployment Insurance premiums should be deducted for a spouse since there has been no change proposed to the Unemployment Insurance Act whereby a spouse would be insurable.

A taxpayer who employs his/her wife or husband and who has not already registered as an employer should first contact his or her District Taxation Office to obtain an employer kit and employer number.

As an employer, the tax payer must withhold the proper tax from his or her spouse's salary and must file with the tax department a T4 information slip reporting the tax and CPP payments.

An actual cheque must be written preferably on a regular basis. This establishes the fact a wage is being paid. It is not sufficient to simply declare a wage on your yearly summary of expenses for tax purposes. Revenue Canada has disallowed spousal wages where there is no evidence of payment.

The spouse must file an income tax return by April 30 reporting the salary received.

To determine the amount of withholding tax or CPP contributions, employers should consult the Canada Pension Plan Contributions Payment Tables and Income Tax Deductions at Source Tables available from all District Taxation Offices."

The Income Tax system in Canada is called a progressive tax system. This means that as an individual's taxable income increases the percentage rate of tax increases accordingly. Now that farmers are able to pay the spouse a wage, it will be possible to split the family income and pay a lower tax rate.

The following example illustrates the potential tax savings by paying wages to your spouse. The example assumes the situation where a farmer has a net farm income of $20,000. The tax is calculated for the situation where the farm operator reports the $20,000 as an individual. This is compared to the situation where the spouse is paid a wage. In the second situation, the total tax paid by the farmer and spouse must be added to determine the total tax paid by the farm business.

For the spouse to be eligible to receive a wage or salary from the farm business, the work must be done to generate business income. This includes any actual labour on the farm such as milking, harvesting crops or picking fruit, as well as other tasks like keeping farm records, depositing cheques, paying hired help, going to town for parts and so on. Any work that

is performed to generate income qualifies; however, personal chores like cooking meals, cleaning house and doing the family shopping does not qualify.

The amount of the salary paid to the spouse must be reasonable in relation to the work which was performed. A guideline to use is the amount which would be paid to an employee who would be performing the work which the spouse performed.

Farmers in British Columbia should consider paying their spouse a salary as it increases the after-tax income of farm families.

The following page is an example of the tax savings obtained by using a spousal wage.

FARMER'S TAX POSITION FOR 1983 TAXATION YEAR

	Before Spouse Received Salary	After Salary To Spouse
Net Farm Income	$ 20,000.00	$ 20,000.00
Less Spouse's Salary Plus Employee C.P.P.	nil	8,107.88
Net Income After Salary	$ 20,000.00	$ 11,892.12
Farmer's Personal Exemptions	3,770.00	3,770.00
Spouse's Personal Exemption	3,300.00	nil
Medical	100.00	100.00
C.P.P.	601.20	427.66
Total Deductions	$ 7,771.20	$ 4,297.66
Farmer's Taxable Income	$ 12,228.80	$ 7,594.46
Farmer's Tax Payable	$ 2,777.90	$ 1,505.00

SPOUSE'S TAX POSITION

Spouse's Wage		$ 8,000.00
Less: Employment Expense Deduction	$ 500.00	
Personal Exemption	3,770.00	
Medical	100.00	
C.P.P.	107.88	
		$ 4,477.88
Spouse's Taxable Income		$ 3,522.12
Spouse's Tax Payable		$ 458.30

FAMILY TAX POSITION

Total Family Tax Payable Before Spouse's Wage		$ 2,777.90
Total Family Tax Payable With Spouse's Wage	$ 1,505.00 458.30	
		$ 1,963.30
TAX SAVING		$ 814.60

Other Family Members as Wage Earners—1984[7]

Farm families ask about the possibilities of paying a wage to their children. New rules allow payment of a wage to a spouse. Many times, the real concern is how to handle income tax, Unemployment Insurance, and Canada Pension Plan payments.

There is no regulation which prevents the paying of a wage to members of the family. It is a family decision. However, a wage should only be paid if the child and spouse are actually contributing their services to the farming business.

Income Tax Considerations

In 1984 a child may receive net income up to $3,960 in a year before the parent loses a claim for a dependent child. The child would not have to file an individual income tax return.

A child receiving over $3,960 net income in a year would have to file an individual income tax return.

The age of the child will influence how much the parent can claim as an exemption for a dependent child. For example, in 1984 the regulations permit the following:

1. Under the age of 18 on December 31, 1984

   The parent can claim a $710 deduction providing the child's income is not over $2540. When the childs income is between $2540 and $3960 you may claim $710 minus one-half the net income over $2540.

   Example:
   Suppose a 15-year-old child is paid $2840. This wage exceeds $2540 by $300. One half of $300 is $150 which must be subtracted from the normal deduction of $710. This means that the parent may claim only $560 as a deduction for this 15-year-old child.

2. Age 18 or over on December 31, 1984

   The parent can claim a $1,360 deduction providing the dependent child's income was no more than $2,600. When the child's income is over $2,600, the amount by which the income exceeds $2,600 is deducted from $1,360 and the difference is the amount the parent can claim as a deduction for a dependent child.

   Example:
   Suppose a 19-year-old child is paid $3,000. This wage exceeds $2,600 by $400. Therefore, $400 is deducted from $1,360 leaving a difference of $960. This means that the parent can claim $960 as a deduction for this child.

Tuition fees should also be considered. To be deductible, tuition fees must be over $25 and cover no more than a 12 month period. Only the student can claim the tuition fee as a deduction. Even if a parent pays the tuition fee, it is only the child who can claim it as a deduction.

The tuition fee deduction is important; it may determine whether the child can be considered a dependent.

Example:
Consider a child who earns $4,000 but has a tuition fee of $500. The child can deduct the $500 from $4,000. This leaves a difference of $3,500. Now the child is considered a dependent since income is below $3,960.

An additional exemption is available to student attending either a

post-secondary school or certain courses designated by the Canada Department of Manpower and Immigration. The deduction is $50 per month for each month in attendance at the school.

Example:
Attendance for an 8-month period would qualify for a $400 deduction. If taxable, the child can subtract the education deduction from taxable income. The student only needs to use the amount of the education deduction that reduces his/her taxable income to zero.

However, if the child has no taxable income, or only needs part of the deduction lower taxable income to zero, he/she can designate who is to claim the balance of the education deduction. In these circumstances the student can designate a spouse and/or a parent.

The student's enrollment must be proven by filing a certificate (form T2202) issued by the school. Each and every taxpayer who claims the whole or a portion of the deduction must attach this certificate to their tax return.

Students receiving a benefit, grant, or reimbursement of expenses to assist with their education are disqualified from claiming the education deduction. Scholarships, fellowships, bursaries, prizes and loans under the Canada Student Loans Act are not considered as grants.

Completing T4 Information Forms

Employers have a responsibility to submit T4 forms for the employees. The forms must be completed and returned to the Department by February of the following year.

A T4 must be completed for an individual if any deductions are made from the employees gross earnings or if the employee earns more than $250.

In addition to the amount of the wage, information on deductions for Income Tax, Canada Pension Plan, and Unemployment Insurance is requested on the T4 slip. Many of these deductions do not apply to children employed by their parents. If no deductions are shown on the T4, the reason should be noted on the slip.

Canada Pension Plan

Once a child has reached the age of 18, has earned more than $250 and worked 25 days the Canada Pension must be deducted. The employer must also contribute an equal amount to the deduction to the Canada Pension Plan. The amount of deduction can be found in the deduction booklets.

Unemployment Insurance

A dependent of an employer is not eligible for coverage. A dependent would be someone who is normally maintained by the employer. A guide would be that if a child is claimed as dependent on the income tax form, he/she would not likely need to be covered by Unemployment Insurance.

However, the question of exemptions really depends on the circumstances for each case. A definite ruling for each case is available from Coverage Branch of Revenue Canada. A questionnaire called Form CPT2 is available from your local District Taxation Office. The form can be completed and the Department will then give a ruling for your case.

When a child receives a large enough wage to be removed from the dependent category and has minimum insurable weekly earnings he/she must be covered by Unemployment Insurance. The amount of deduction from the child's salary can be found in the deduction booklets. The employer must contribute 1.4 times the amount of the deduction.

Example of a Family Paying Children a Wage

One child is age 14. This child attends high school. For two months in the

summer the child is paid $200 per month. For the other ten months the wage $60 per month. The total salary is $1000 per year.

Implications For 14-Year Old Child

a) **Income Tax**

The child does not file a personal return. The parent can claim $710 as an exemption for a wholly dependent child since the child is earning less than $2,540. On the tax return for the farm business the parent can claim the $1000 in wages as a farm expense.

b) **T4 Information Slip**

A T4 form should be completed at the end of the year. The T4 would indicate the amount of the child's salary, and note the child's age as a reason for not making any of the deductions from salary.

c) **Canada Pension Plan**

Since the child is less than 18 there would be no deductions for Canada Pension Plan.

d) **Unemployment Insurance Commission**

This child would be considered a dependent so no deduction would be required for Unemployment Insurance.

Implications For 19-Year Old Child

Another child is 19 and attends university. For four months he/she is home and receives $900 per month. In the other eight months he/she is home some weekends, and receives $50 per month. The total salary is $4,000 per year. Tuition at university is $600.

a) **Income Tax**

This child would be expected to file a tax return at the end of the year. The tax return would show an income of $4,000. However, the tuition of $600 would also be shown. Since this brings the income down to $3,400 the individual is non-taxable.

Because of the tuition, this child can still be claimed as a dependent by the parent. The income of $3,400 exceeds $2,600 by $800. The parent cannot claim $1,360 for this child. The amount that can be claimed is $1,360 minus $800 or $560.

Since the child is non-taxable, he/she is able to designate that a parent can claim the $50 per month education deduction. Since there are eight months of attendance at university, the education deduction would be $400. Form T2202 received from the University should be attached to the parent's tax return.

The parent can claim the $4,000 in wage as an expense to the farm business.

b) **T4 Information Slip**

A T4 should be completed at the end of the year. It would show the amount of the salary as well as the deductions for Canada Pension Plan.

c) **Canada Pension Plan**

Since the child is over 18, contributions to the Canada Pension Plan would be required. The total of the deduction from the wage not exceed $338.40 for the 1984 taxation year.

d) **Unemployment Insurance**

No deduction would be required since this child would be considered a dependent.

Most Advantages When Child Still Claimed As A Dependent

When paid a large enough wage a child would be removed from the dependent category. As a guide, in most cases the

child will be removed from the dependent category when the wage is greater than $3,960 plus the tuition fee. The payment of a wage in excess of this level will usually result in a substantial increase in total family payment to Canada Pension Plan, and perhaps Unemployment Insurance.

If the family considers it beneficial for the child to receive an amount large enough to remove the child from the dependent category, perhaps the extra amount should be given as a gift and the wage left at a level that would let the child be considered a dependent.

APPENDIX I

APPLICATION FOR EMPLOYMENT

DATE:_____

NAME:_____ Preferred Name_____

ADDRESS:_____

PHONE NO:_____ S.I.N._____

BIRTHDATE: Year_____ Month_____ Day_____ Age_____

Dependents' Names:_____

_____

Next of Kin:- Name:_____ Phone No._____

Address:_____

Last grade completed in school:_____

Last Employer:- Name:_____

Address:_____

Job Performed:-_____

Do you hold a valid drivers licence?_____ Class_____

Do you have previous
farm work experience?_____ Years_____

_____
Signature

TD1 completed? Yes_____ No_____

Net Claim Code _____

APPENDIX II

CANADA FARM LABOUR POOL

Areas of Responsibility

1. Supply farm labour
2. Counsel farm workers and farmers
3. Supply information to farmers and workers re: deductions, wage rates and regulations
4. Mediate labour problems
5. Provide information to farmers re: various Government employment programs

DIRECTORY OF CANADA FARM LABOUR POOLS

Canada Farm Labour Pool
33827 S. Fraser Way
ABBOTSFORD, B.C.
V2S 2C4
Tel: (604) 853-7471
Mgr: Garth Bean

Canada Farm Labour Pool
106-164 Kenneth Street
Calmen Building,P.O. Box 22
DUNCAN, B.C.
V9L 3X1
Tel: (604) 748-3191
Mgr: David Scotthorne

Canada Farm Labour Pool
212 Main Street
PENTICTON, B. C.
V2A 5B2
Tel: (604) 493-3727
Mgr: Douglas E. Grant

Canada Farm Labour Pool
3380 Okanagan Street
ARMSTRONG, B.C.
V0E 1B0
Tel: (604) 546-9626
Mgr: Arthur R. Cayford

Canada Farm Labour Pool
1961 Harvey Road
KELOWNA, B.C.
V1Y 6G5
Tel: (604) 860-8384
Mgr: G. Wayne Benson

Canada Farm Labour Pool
755 Hillside
VICTORIA, B.C.
V8T 1Z5
Tel: (604) 382-7201
Mgr: Mervyn Coles

APPENDIX III

EMPLOYMENT STANDARDS BRANCH

B.C. MINISTRY OF LABOUR

Administrates Employment Standards Acts:

VICTORIA, B.C.
4000 Seymour Place,
Victoria, B.C.
389-3033
Mailing Address:
Parliament Buildings
Victoria, B.C. V8V 1X4

NANAIMO, B.C.
238 Franklyn St.
Nanaimo, B.C.
V9R 2X4
753-9185

DAWSON CREEK, B.C.
1201-103rd Avenue
Dawson Creek, B.C.
V1G 4J2
782-5931

CHILLIWACK, B.C.
5904 Victoria Avenue
Chilliwack, B.C.
V2P 2T1
792-0634

CRANBROOK, B.C.
101, 117 Tenth Ave.S.
Cranbrook, B.C.
V1C 2N1
489-4761

BURNABY, B.C.
201, 4946 Canada Way
Burnaby, B.C.
V5G 4J6
299-7211

NELSON, B.C.
310 Ward Street
Nelson, B.C.
V1L 5S4
352-2211

KAMLOOPS, B.C.
220, 546 St. Paul St.
Kamloops, B.C.
V2C 5T1
374-2838

PRINCE GEORGE, B.C.
1011-4th Avenue
Prince George, B.C.
V2L 3H9
562-8131

KELOWNA, B.C.
206,1626 Richter Street
Kelowna, B.C.
V1Y 2M3
860-7616

PENTICTON, B.C.
3547 Skaha Lake Road
Penticton, B.C.
V2A 7K2
492-2327

COURTENAY, B.C.
941B England Avenue
Courtenay, B.C.
V9N 2N7
338-8344

TERRACE, B.C.
4548 Lakelse Avenue
Terrace, B.C.
V8G 1P8
638-8191

WILLIAMS LAKE, B.C.
307,35 S. 2nd Avenue
Williams Lake, B.C.
V2G 3W3
392-6261

APPENDIX IV

DIRECTORY OF W.C.B. OFFICES

WCB Administration Office
6951 Westminster Highway
RICHMOND, B.C. V7C 106
273-2266

WCB Chilliwack Area Office
Ste. 21-8635 Young Rd.S.
CHILLIWACK, B.C. V2P 4P3
792-0751

WCB Courtenay Area Office
426-8th Street
COURTENAY, B.C. V9N 1N5
338-5484

WCB Cranbrook Area Office
100-7th Avenue South
CRANBROOK, B.C. V1C 2J4
426-6694

WCB Vernon Area office
3306-32nd Avenue
VERNON, B.C. V1T 2M6
545-4401

WCB Fort St. John Area Office
9512-100th Street
FORT ST. JOHN, B.C. V1J 3X6
758-8371

WCB Penticton Area Office
257 Brunswick Street
PENTICTON, B.C. V2A 5P9
493-2024

WCB Prince George Area Office
299 Victoria Street
PRINCE GEORGE, B.C. V2L 5B8

WCB Terrace Area Office
4450 Lakelse Avenue
TERRACE, B.C. V8G 1P2
635-6536

APPENDIX V

REVENUE CANADA

DISTRICT TAXATION OFFICES
(BRITISH COLUMBIA)

277 Winnipeg Street
PENTICTON, B.C.
V2A 1N6
Local calls: 493-3616
Long distance calls: 112-493-2101*

1166 West Pender Street
VANCOUVER, B.C.
V6E 3H8
Local calls: General Enquiries 689-5411
Long distance calls:
In British Columbia: 112-800-663-9033*
Northeastern British Columbia: Zenith 0-4000*

1415 Vancouver Street
VICTORIA, B.C.
V8V 3W4
Local calls: General Enquiries 388-0121
Long distance calls: 112-800-742-6108*

If phoning, please have your tax records ready.

*Long distance calls: No charge to caller.
-For Zenith number, dial "0" and ask for Zenith 0-4000.
-For all other numbers, dial direct.

If writing, address all mail to the:
Taxation Centre, Surrey, British Columbia V3T 5E1

APPENDIX VI

INDEX OF AUTHORS

1) Reprinted from articles by
Dr. Allan E. Shapley
Labour Management Specialist
Michigan State University

2) Robert MacGregor
B.C. Financial Management Project

3) Howard Joynt
Farm Business Management Technician
B.C. Ministry of Agriculture and Food
Summerland

4) H. George Geldart
Regional Economist
B.C. Ministry of Agriculture and Food
Summerland

5) Reprinted with permission of Employment Standard Branch, B.C. Ministry of Labour. This is an example of Employment Standards Bulletins which are available on various Employment Standards topics, from Branch offices listed in Appendix III.

6) Terry N. Peterson
Supervisor Farm Business Management
B.C. Ministry of Agriculture and Food
Vernon

7) J.J. Hagerty
Farm Management Specialist
Ontario Ministry of Agriculture and Food

8) Adapted from "Farm Records - Basic Records for Farm Managers"